

## Message Text

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ACTION STR-04

INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 XMB-02 OPIC-03

AF-10 ARA-10 EA-07 NEA-10 AGR-01 CEA-01 CIAE-00

COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05

SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00

OMB-01 /143 W

-----131846Z 052260 /43

P R 131646Z JUN 77

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 8197

INFO AMEMBASSY OTTAWA

AMEMBASSY BRUSSELS

LIMITED OFFICIAL USE SECTION 1 OF 2 GENEVA 4726

USMTN

ACTION STR

H PASS CODEL

BRUSSELS FOR USEC

E.O. 11652: N/A

TAGS: ETRD, MTN

SUBJ: EC REACTION TO CANADIAN SUBSIDY/COUNTERVAILING DUTY DRAFT

1. SUMMARY: MEYNELL (EC) GAVE STRONG NEGATIVE REACTION TO AMB. GREY LAST WEEK ON THE USEFULNESS OF THE CANADIAN SUBSIDY/CVD INITIATIVE FOR MOVING NEGOTIATIONS FORWARD. ALTHOUGH ANOTHER CANADIAN SOURCE SPECULATES THAT THE EC MAY BE POSTURING, AMB. GREY GENUINELY UNCERTAIN ABOUT WHAT NEXT STEP SHOULD BE TO GET NEGOTIATIONS STARTED. AMB. GREY HAS SUGGESTED POSTPONEMENT OF US/CANADA LINE-BY-LINE REVIEW OF THE CANADIAN DRAFT UNTIL END OF AUGUST. END SUMMARY.

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2. MEYNELL OF EC COMMISSION TOOK OCCASION OF GENEVA VISIT LAST WEEK TO MEET WITH CANADIAN AMB. GREY AND PROVIDE EC REACTIONS TO THE CANADIAN INITIATIVE ON SUBSIDIES/COUNTERMEASURES (MTN/NTM/W/80). AMB. GREY REPORTED TO CULBERT THAT MEYNELL CONSIDERED THE CANADIAN DRAFT "TOO AMBITIOUS" AND COULD NOT BE USED EITHER AS AN AGENDA OR AS A BASIS FOR NEGOTIATION. MEY-

NELL MAINTAINED THAT THE EC WOULD NOT NEGOTIATE AWAY THE CAP AND THE EC FISCAL SYSTEM. WHEN PRESSED BY AMB. GREY, HOWEVER, ON HOW HE READ THIS INTO THE CANADIAN DRAFT, MEYNELL BECAME VAGUE, REVEALING A LACK OF FAMILIARITY WITH THE CANADIAN DRAFT. AFTER MUCH PROBING, AMB. GREY SAID HE COULD NOT DETERMINE WHETHER MEYNELL WAS SPEAKING ON A PERSONAL BASIS OR PRESENTING AN OFFICIAL COMMISSION POSITION. ACCORDING TO AMB. GREY, A 113 COMMITTEE MEETING JUNE 10 WAS TO ADDRESS THE SUBSIDY/CVD ISSUE.

3. DENIS (CANADA) PROVIDED FURTHER DETAILS OF THE DISCUSSION SAYING THAT MEYNELL BELIEVED THE DRAFT TO BE "TOO AMBITIOUS WITHIN THE TIME FRAME OF THE MTN", WHICH MEYNELL SPECULATED TO BE THE END OF 1978. WHEN PRESSED ON THE SPECIFICS OF THE CODE AND ON KEY QUESTION OF WHETHER THE EC IS PREPARED TO NEGOTIATE, MEYNELL EQUIVOCATED AND REFUSED TO BE DRAWN OUT ON ANY DETAILS OF THE CANADIAN APPROACH. ALTHOUGH DENIS SAID THAT IS WAS UNCLEAR WHETHER MEYNELL WAS POSITING A NEGOTIATING OR BOTTOM-LINE EC POSITION, HE SPECULATED THAT THE EC IS POSTURING FOR A POSITION AFTER THE PROCEDURAL DISPUTE HAS BEEN SETTLED AND THE NEGOTIATIONS PROCEED. DENIS SUMMED-UP SAYING HE PERSONALLY WAS "NOT REASSURED, BUT NOT DISCOURAGED" BY MEYNELL'S PRESENTATION.

4. DISCUSSION WITH COMMISSION SOURCE CONFIRMS THAT, ALTHOUGH EC HAS MUCH WORK TO DO IN DEVELOPING ITS LIMITED OFFICIAL USE

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POSITION IN THIS AREA, IT IS NOT ENTHUSIASTIC ABOUT CANADIAN DRAFT. THEIR FUNDAMENTAL OBJECTION IS THAT THEY DO NOT WISH EVEN TO DISCUSS SOME OF THE CANADIAN IDEAS, E.G., PROHIBITION OF AGRICULTURAL SUBSIDIES, AND, THEREFORE, BELIEVE THE CANADIAN INITIATIVE TO BE UNHELPFUL.

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AF-10 ARA-10 EA-07 NEA-10 AGR-01 CEA-01 CIAE-00  
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OMB-01 /143 W

-----131846Z 051821 /43

P R 131646Z JUN 77

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 8198

INFO AMEMBASSY OTTAWA

AMEMBASSY BRUSSELS

LIMITED OFFICIAL USE SECTION 2 OF 2 GENEVA 4726

USMTN

ACTION STR

H PASS CODEL

BRUSSELS FOR USEC

5. IN LIGHT OF MEYNELL DISCUSSION, AMB. GREY IS UNCERTAIN AS TO NEXT STEP IN THIS AREA. HE WONDERED WHETHER CANADA SHOULD PUT FORWARD A FORMAL CANADIAN PROPOSAL (THE PRESENT DRAFT IS ONLY A CANADIAN GENEVA DEL DRAFT) AND HE ALSO FLOATED IDEA OF THE US AND CANADA TABLING A JOINT PROPOSAL. IN ANY EVENT, HE SUGGESTED THAT THE US/CANADA LINE-BY-LINE REVIEW OF THE CANADIAN DRAFT (SUGGESTED DURING GREY'S MEETING WITH TREASURY AND STR LAST MONTH) SHOULD BE POSTPONED UNTIL AFTER THE THIRD WEEK IN AUGUST.

6. COMMENT: FOREGOING RAISES SERIOUS QUESTION ABOUT VIABILITY OF ONLY PROSPECT CURRENTLY ON THE TABLE FOR PROVIDING AN IMPETUS TO NEGOTIATIONS IN THIS AREA. US LIMITED OFFICIAL USE

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MTN DEL WILL ENDEAVOR TO COME UP WITH SOME THOUGHTS ON POSSIBLE WAYS TO PROCEED IN DRAFT PAPERS FOR UPCOMING BILATERALS. COULD USEC DISCREETLY ASCERTAIN IF VIEWS EXPRESSED BY MEYNELL HAVE SOME KIND OF 113 COMMITTEE ENDORSEMENT? END COMMENT.CULBERT

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## Message Attributes

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Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009